

AMENDED IN SENATE JUNE 1, 2010  
AMENDED IN ASSEMBLY MAY 3, 2010  
AMENDED IN ASSEMBLY APRIL 5, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1755**

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**Introduced by Assembly Member Swanson**

February 8, 2010

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An act to amend Sections 5898.12, 5898.14, 5898.20, 5898.21, and 5898.22 of the Streets and Highways Code, relating to contractual assessments.

LEGISLATIVE COUNSEL'S DIGEST

AB 1755, as amended, Swanson. Seismic Safety Finance Act.

Existing law, the Improvement Act of 1911, authorizes the legislative body of any public agency, as defined, to determine that it would be convenient, advantageous, and in the public interest to designate an area within the public agency, as specified, within which authorized public agency officials and property owners may enter into voluntary contractual assessments to finance the installation of distributed generation renewable energy sources or energy or water efficiency improvements that are permanently fixed to real property, as specified. Existing law requires the legislative body to make these determinations by adopting a resolution indicating its intention to do so and requires that the resolution include specified information and directs an appropriate public agency official to prepare a prescribed report.

This bill would enact the Seismic Safety Finance Act, which would expand these provisions to also apply to contractual assessments to finance the installation of seismic strengthening improvements, as

defined, that are permanently fixed to real property, as specified. *The bill would define “public agency,” for purposes of financing the installation of seismic strengthening improvements, to mean a city, county, or city and county.* The bill would also declare the intent of the Legislature in regard to these provisions.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. The Legislature finds and declares that Assembly  
2 Bill 1755 of the 2009–10 Regular Session shall be known as the  
3 Seismic Safety Finance Act.

4 SEC. 2. Section 5898.12 of the Streets and Highways Code is  
5 amended to read:

6 5898.12. (a) It is the intent of the Legislature that this chapter  
7 should be used to finance public improvements to lots or parcels  
8 which are developed and where the costs and time delays involved  
9 in creating an assessment district pursuant to other provisions of  
10 this division or any other law would be prohibitively large relative  
11 to the cost of the public improvements to be financed.

12 (b) It is also the intent of the Legislature that this chapter should  
13 be used to finance the installation of distributed generation  
14 renewable energy sources or energy efficiency improvements that  
15 are permanently fixed to residential, commercial, industrial,  
16 agricultural, or other real property.

17 (c) It is also the intent of the Legislature to address chronic  
18 water needs throughout California by permitting voluntary  
19 individual efforts to improve water efficiency. The Legislature  
20 further intends that this chapter should be used to finance the  
21 installation of water efficiency improvements that are permanently  
22 fixed to residential, commercial, industrial, agricultural, or other  
23 real property, including, but not limited to, recycled water  
24 connections, synthetic turf, cisterns for stormwater recovery, and  
25 permeable pavement.

26 (d) It is also the intent of the Legislature to address seismic  
27 safety needs throughout California by permitting voluntary  
28 individual efforts to improve the seismic safety of homes and  
29 buildings. The Legislature further intends that this chapter should  
30 be used to finance the installation of seismic strengthening

1 improvements that are permanently fixed to residential,  
2 commercial, industrial, agricultural, or other real property,  
3 including, but not limited to, the seismic strengthening of cripple  
4 walls and sill plate anchorage of light, wood framed buildings.

5 (e) It is also the intent of the Legislature that a public agency  
6 in the process of establishing an assessment program, to the extent  
7 feasible, use a good faith effort to provide advance notice of the  
8 proposed program to water and electric service providers in the  
9 relevant service area, as set forth in Section 5898.24, to allow the  
10 most efficient coordination and collaboration between the public  
11 agency and water and electric service providers.

12 (f) This chapter shall not be used to finance facilities for parcels  
13 which are undergoing development.

14 (g) This chapter shall not be used to finance the purchase or  
15 installation of appliances that are not permanently fixed to  
16 residential, commercial, industrial, agricultural, or other real  
17 property.

18 (h) Assessments may be levied pursuant to this chapter only  
19 with the free and willing consent of the owner of each lot or parcel  
20 on which an assessment is levied at the time the assessment is  
21 levied.

22 SEC. 3. Section 5898.14 of the Streets and Highways Code is  
23 amended to read:

24 5898.14. (a) The Legislature finds all of the following:

25 (1) Energy and water conservation efforts, including the  
26 promotion of energy efficiency improvements to residential,  
27 commercial, industrial, agricultural, or other real property are  
28 necessary to address the issue of global climate change.

29 (2) The upfront cost of making residential, commercial,  
30 industrial, agricultural, or other real property more energy and  
31 water efficient prevents many property owners from making those  
32 improvements. To make those improvements more affordable and  
33 to promote the installation of those improvements, it is necessary  
34 to authorize an alternative procedure for authorizing assessments  
35 to finance the cost of energy and water efficiency improvements.

36 (3) The upfront cost of making residential, commercial,  
37 industrial, agricultural, or other real property more seismically  
38 safe prevents many property owners from making those  
39 improvements. To make those improvements more affordable and  
40 to promote the installation of those strengthening improvements,

1 it is necessary to authorize an alternative procedure for authorizing  
2 assessments to finance the cost of seismic strengthening  
3 improvements.

4 (b) The Legislature declares that a public purpose will be served  
5 by a voluntary contractual assessment program that provides the  
6 legislative body of any public agency with the authority to finance  
7 the installation of distributed generation renewable energy sources,  
8 energy or water efficiency improvements, or seismic strengthening  
9 improvements that are permanently fixed to residential,  
10 commercial, industrial, agricultural, or other real property.

11 SEC. 4. Section 5898.20 of the Streets and Highways Code is  
12 amended to read:

13 5898.20. (a) (1) The legislative body of any public agency  
14 may determine that it would be convenient and advantageous to  
15 designate an area within the public agency, which may encompass  
16 the entire public agency or a lesser portion, within which authorized  
17 public agency officials and property owners may enter into  
18 voluntary contractual assessments for public improvements and  
19 to make financing arrangements pursuant to this chapter.

20 (2) The legislative body of any public agency may also  
21 determine that it would be convenient, advantageous, and in the  
22 public interest to designate an area within the public agency, which  
23 may encompass the entire public agency or a lesser portion, within  
24 which authorized public agency officials and property owners may  
25 enter into voluntary contractual assessments to finance the  
26 installation of distributed generation renewable energy sources,  
27 energy or water efficiency improvements, or seismic strengthening  
28 improvements that are permanently fixed to real property pursuant  
29 to this chapter.

30 (b) The legislative body shall make these determinations by  
31 adopting a resolution indicating its intention to do so. The  
32 resolution of intention shall include a statement that the public  
33 agency proposes to make voluntary contractual assessment  
34 financing available to property owners, shall identify the kinds of  
35 public works, distributed generation renewable energy sources,  
36 energy or water efficiency improvements, or seismic strengthening  
37 improvements that may be financed, shall describe the boundaries  
38 of the area within which voluntary contractual assessments may  
39 be entered into, and shall briefly describe the proposed  
40 arrangements for financing the program, including a brief

description of criteria for determining the creditworthiness of a property owner. The resolution of intention shall state that it is in the public interest to finance the installation of distributed generation renewable energy sources, energy or water efficiency improvements, seismic strengthening improvements, or any combination thereof, pursuant to paragraph (2) of subdivision (a), if applicable. The resolution shall state that a public hearing should be held at which interested persons may object to or inquire about the proposed program or any of its particulars, and shall state the time and place of the hearing. The resolution shall direct an appropriate public agency official to prepare a report pursuant to Section 5898.22 and to enter into consultations with the county auditor's office or county controller's office in order to reach agreement on what additional fees, if any, will be charged to the city or county for incorporating the proposed voluntary contractual assessments into the assessments of the general taxes of the city or county on real property.

(c) As used in this chapter, each of the following terms shall have the following meaning:

(1) "Efficiency improvements" means permanent improvements fixed to residential, commercial, industrial, agricultural, or other real property.

(2) "Legislative body" means the governing body of a public agency.

(3) (A) For the purpose of financing the installation of water efficiency improvements, "public agency" means a city, county, city and county, municipal utility district, community services district, sanitary district, sanitation district, or water district, as defined in Section 20200 of the Water Code. The definition of "city" in Section 5005 shall not apply to this subparagraph.

(B) For the purpose of financing the installation of distributed generation renewable energy sources or energy efficiency improvements, "public agency" means a county, city, city and county, or a municipal utility district, an irrigation district, or public utility district that owns and operates an electric distribution system. The definition of "city" in Section 5005 shall not apply to this subparagraph.

(C) *For the purpose of financing the installation of seismic strengthening improvements, "public agency" means a city, county,*

1 *or city and county. The definition of “city” in Section 5005 shall*  
2 *not apply to this subparagraph.*

3 ~~(C)~~

4 (D) For the purpose of financing the public improvements,  
5 “public agency” means a city as defined in Section 5005.

6 (4) “Seismic strengthening improvements” means permanent  
7 improvements fixed to residential, commercial, industrial,  
8 agricultural, or other real property.

9 SEC. 5. Section 5898.21 of the Streets and Highways Code is  
10 amended to read:

11 5898.21. Notwithstanding any other provision of this chapter,  
12 upon the written consent of an authorized public agency official,  
13 the proposed arrangements for financing the program pertaining  
14 to the installation of distributed generation renewable energy  
15 sources, energy or water efficiency improvements, or seismic  
16 strengthening improvements that are permanently fixed to real  
17 property may authorize the property owner to purchase directly  
18 the related equipment and materials for the installation of  
19 distributed generation renewable energy sources, energy or water  
20 efficiency improvements, or seismic strengthening improvements  
21 and to contract directly for the installation of distributed generation  
22 renewable energy sources, energy or water efficiency  
23 improvements, or seismic strengthening improvements that are  
24 permanently fixed to the property owner’s residential, commercial,  
25 industrial, agricultural, or other real property.

26 SEC. 6. Section 5898.22 of the Streets and Highways Code is  
27 amended to read:

28 5898.22. The report shall contain all of the following:

29 (a) A map showing the boundaries of the territory within which  
30 voluntary contractual assessments are proposed to be offered.

31 (b) A draft contract specifying the terms and conditions that  
32 would be agreed to by a property owner within the voluntary  
33 contractual assessment area and the public agency.

34 (c) A statement of public agency policies concerning voluntary  
35 contractual assessments including all of the following:

36 (1) Identification of types of facilities, distributed generation  
37 renewable energy sources, energy or water efficiency  
38 improvements, or seismic strengthening improvements that may  
39 be financed through the use of contractual assessments.

1 (2) Identification of a public agency official authorized to enter  
2 into voluntary contractual assessments on behalf of the public  
3 agency.

4 (3) A maximum aggregate dollar amount of voluntary  
5 contractual assessments.

6 (4) A method for setting requests from property owners for  
7 financing through voluntary contractual assessments in priority  
8 order in the event that requests appear likely to exceed the  
9 authorization amount.

10 (d) A plan for raising a capital amount required to pay for work  
11 performed pursuant to voluntary contractual assessments. The plan  
12 may include amounts to be advanced by the public agency through  
13 funds available to it from any source. The plan may include the  
14 sale of a bond or bonds or other financing relationship pursuant  
15 to Section 5898.28. The plan shall include a statement of or method  
16 for determining the interest rate and time period during which  
17 contracting property owners would pay any assessment. The plan  
18 shall provide for any reserve fund or funds. The plan shall provide  
19 for the apportionment of all or any portion of the costs incidental  
20 to financing, administration, and collection of the voluntary  
21 contractual assessment program among the consenting property  
22 owners and the public agency.

23 (e) A report on the results of the consultations with the county  
24 auditor's office or county controller's office concerning the  
25 additional fees, if any, that will be charged to the city or county  
26 for incorporating the proposed voluntary contractual assessments  
27 into the assessments of the general taxes of the city or county on  
28 real property, and a plan for financing the payment of those fees.